MISSOURI HOUSING DEVELOPMENT COMMISSION

FINANCIAL STATEMENTS

JUNE 30, 2002

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Independent Auditors' Report

The Commissioners
Missouri Housing Development Commission

We have audited the accompanying balance sheet of the Missouri Housing Development Commission (a body corporate and politic of the State of Missouri) as of June 30, 2002 and 2001, and the statements of revenues and expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Missouri Housing Development Commission at June 30, 2002 and 2001, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the Commission adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: "Omnibus," and Statement No. 38, "Certain Financial Statement Note Disclosures" as of and for the year ended June 30, 2002. This results in a change in the format and content of the basic financial statements and accompanying notes to the financial statements.

The Management's Discussion and Analysis on pages 3 - 8 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Commission taken as a whole. The accompanying supplementary information, as listed on pages 30 - 32 in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 2002 on our consideration of the Missouri Housing Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rubin, Brown, Gornstein & Co. LLP

St. Louis, Missouri
August 27, 2002

Our discussion and analysis of Missouri Housing Development Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the Commission's financial statements and accompanying notes.

Financial Highlights

- Total assets were at an all-time high of $1.94 billion at June 30, 2002, representing growth from June 30, 2001 of 2.5%.
- Fiscal year 2002 mortgage investment purchases and originations totaled $285 million as compared to $247 million in 2001.
- Bonds and notes issued in 2002 totaled $294 million as compared to $253 million in 2001. $251 million of the bonds issued in 2002 and $184 million in 2001 were rated AAA by Standard & Poor's Rating Services.
- Total revenues increased to $261 million in fiscal year 2002, an increase of 10.7% from fiscal year 2001. Excluding the net increase in fair value of investments, total revenue growth was 20.13% in 2002.
- Net operating income, excluding the net increase in fair value of investments, was $13.0 million in fiscal year 2002 as compared to $12.9 million in 2001.
- Net assets increased $42.6 million (15%) as of June 30, 2002.
- Standard and Poor's Rating Services continued the Commission's AA Issuer Credit Rating, with a rating outlook for the intermediate to longer term of positive.

Overview of the Financial Statements

This annual financial report consists of three parts: Management's Discussion & Analysis; the financial statements, including notes to the financial statements; and supplemental schedules. The Commission is a self-supporting entity and follows enterprise fund reporting, using the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Commission.

The following table summarizes the Commission's current and non-current assets and liabilities and displays restricted and unrestricted net assets as of June 30, 2002 and June 30, 2001.

Condensed Financial Information
Assets, Liabilities, And Net Assets *(In Thousands)*

	June 30, 2002	June 30, 2001
Current Assets	$ 67,997	$ 71,230
Noncurrent and Restricted Investments	358,049	377,620
Noncurrent and Restricted Mortgage Investments	1,440,425	1,366,513
Capital Assets	991	1,976
Other	69,532	71,725
Total Assets	$1,936,994	$1,889,064
Current Liabilities	$ 126,130	$ 118,478
Long-term Bonds	1,469,088	1,472,626
Other	12,495	11,302
Total Liabilities	$1,607,713	$1,602,406
Net Assets		
Invested in Capital Assets	$ 991	$ 1,976
Restricted	309,684	294,270
Unrestricted	18,606	(9,588)
Total Net Assets	$ 329,281	$ 286,658

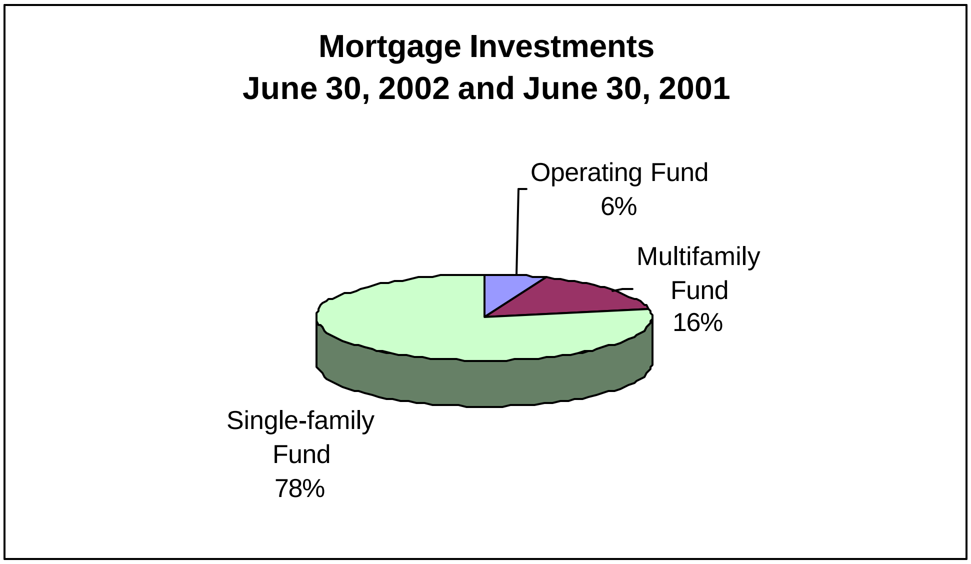
Investments

Investments consist of U.S. government and agency fixed rate securities, guaranteed investment agreement contracts, and overnight repurchase agreements. The Commission's investment policy emphasizes preservation of principal. At June 30, 2002 the Commission had $415.4 million in investments as compared to $415.3 million at June 30, 2001.

Mortgage Investments

The Commission's mortgage investments grew 4% during fiscal year 2002 and comprise 75% of the Commission's total assets. GNMA and Fannie Mae mortgage-backed securities comprise 77% of the Commission's mortgage investments. New loans totaled $285 million, with a high level of prepayment activity limiting the overall growth in the mortgage investment portfolio. The Commission's loan portfolio is low-risk with 99% of the single-family loan portfolio being GNMA and Fannie Mae MBS backed and substantially all of its bond-financed multifamily loan portfolio backed by FHA insurance. The Commission's loan loss reserve is 1.03% of total loans, which is allocated to uninsured loans and related accrued interest on such loans.

The mix of mortgage investments among operating fund loans, multifamily, and single-family programs was comparable at June 30, 2002 and June 30, 2001, as depicted in the following chart.



The Commission's loan portfolio includes $34.5 million at June 30, 2002 and $16.4 million at June 30, 2001 of FHA-insured Risk-Share Mortgage Loans, in which the Commission participates in fifty percent of the insured risk.

Debt

At June 30, 2002, the Commission had $1.5 million in bonds and notes outstanding, which is comparable to the prior year-end.

New debt resulted from issuance of four series of single family mortgage revenue bonds, which totaled $241.5 million, and 7 multifamily housing revenue bonds and notes series totaling $52.6 million. Multifamily Housing Revenue Bonds 2001 Series III was completed to refinance $22.8 million in older multifamily series. This was the third of a series of bonds issued to refund higher rate bonds that had been issued in accordance with Commission Resolution 21 over a twenty-five year period prior to 1996. The first and second of the refunding bonds series, Multifamily Revenue Bonds 2001 Series I and II, were issued during fiscal year 2001 and refinanced $68.14 million in bonds. Decreases in debt during the current year were largely due to bond redemptions that occurred as a result of significant mortgage prepayment activity. For additional information, see Note 5, Bonds and Notes Payable, in the Notes to Financial Statements.

Net Assets

The Commission continues to demonstrate strong financial growth, with growth in net assets of 15% in fiscal year 2002. Most of the Commission's net assets are restricted for bond requirements and Commission resolutions. Net worth ratio (net assets as compared to total liabilities) was 20.5% at June 30, 2002 as compared to 17.9% at June 30, 2001. The Commission continues to have growth in its net assets, demonstrating a continued strong financial position.

Operating Activities

The following table summarizes the Commission's revenues, expenses, and changes in net assets for 2002 and 2001.

Condensed Financial Information
Revenues, Expenses, And Changes In Net Assets *(In Thousands)*

	2002	2001
Revenues		
Interest and Investment Income	$137,532	$158,756
Grants and Federal Assistance	109,227	66,493
Other	14,364	10,708
Total Operating Revenue	261,123	235,957
Expenses		
Interest Expense	84,870	89,059
Salaries and Administrative Expenses	8,752	8,498
Grants and Federal Assistance	109,211	65,493
Other	15,667	16,710
Total Operating Expenses	218,500	179,760
Increase in Net Assets	$ 42,623	$ 56,197

Overall revenues grew in fiscal year 2002 as the Commission continues to demonstrate strong financial earnings. The economy and market conditions have impacted fiscal year 2002 results. However, the net positive increase in net assets of 15% in fiscal year 2002 demonstrates a continued growth trend.

Revenues

Interest and investment income totaled $137.5 million in 2002 as compared to $158.8 million in 2001, a decrease of 13.4%. This income includes fair value increases of $29.6 million in 2002 and $43.3 million in 2001. Declining interest rates caused a corresponding increase in the value of the Commission's portfolio of GNMA securities and other investments. Without the fair value adjustments, interest and investment income declined 6.5%, reflecting decreased interest rate returns consistent with current economic trends. Depending on future financial markets, interest rate fluctuations are expected to have continuing material effects on the Commission's financial statements.

Grants and Federal Assistance

Federal and state grant program revenues and expenses represent funds received and disbursed relating to projects funded by the U.S. Department of Housing and Urban Development Section 8 Contract Administration, HOME Investment Partnership, and other federal and state programs totaling $109 million in fiscal year 2002. These programs, along with federal and state tax credit programs, are integral to the Commission's achievement of its multifamily objectives. The Commission continues to expand its involvement with federal government programs that serve to meet the mission of the Commission by pursuing programs that meet the needs of Missouri residents by leveraging its net assets, grant funds, and tax credits to finance affordable multifamily housing and down payment assistance programs.

The current year increase in Grants & Federal Assistance is largely the result of fiscal year 2002 being the first full year that the Commission was the Section 8 Contract Administrator for approximately 300 project based Section 8 properties located throughout Missouri. This contract, consummated during fiscal year 2001, is in addition to the Commission's continued administration of approximately 100 project based Section 8 contracts that have been place for a number of years.

Expenses

Interest costs were $84.9 million for 2002 as compared to $89.1 million in 2001, a decrease of 4.7%. This decrease not only reflects the lower rates on recent debt issues, it also depicts the savings achieved by the Commission's refunding debt that, during 2001 and 2002, enabled the Commission to refinance $90 million in bonds that carried rates ranging from 5.4% to 9.0%.

Beyond the costs associated with debt financing, the Commission's chief operating costs consist of salaries, facilities rent, information systems, professional services, and travel costs. These costs totaled $8.7 million in 2002 ($8.5 million in 2001). Excluding the increase in the fair value of investments, these costs represented 3.8% of revenues in 2002 as compared to 4.4% in 2001.

Contacting MHDC's Financial Management

This financial report is designed to provide stakeholders in the Commission with a general overview of the Commission's finances and to show the Commission's accountability for its resources. If you have questions about this report or need additional financial information, contact Robert R. Smith, Deputy Director/Controller, Missouri Housing Development Commission, 3435 Broadway, Kansas City, Missouri 64111 or visit our website at mhdc.com.

MISSOURI HOUSING DEVELOPMENT COMMISSION

BALANCE SHEET
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(*In Thousands*)

	June 30,	
	2002	2001
Assets		
Current Assets		
Cash and temporary cash investments	**$ 3,028**	$ 6,717
Investments:		
Investment agreements	**319**	—
Securities purchased under agreements to resell	**40,231**	16,409
U.S. government and agency securities	**16,839**	21,246
Total investments	**57,389**	37,655
Mortgage Investments:		
Mortgage and construction loans receivable	**4,802**	24,993
GNMA and FannieMae mortgage-backed securities	**50**	—
Total mortgage investments	**4,852**	24,993
Accrued interest receivable	**1,696**	1,593
Accounts receivable - other	**1,032**	272
Total Current Assets	**67,997**	71,230
Noncurrent Assets		
Cash and temporary cash investments	**19,243**	22,448
Investments:		
Investment agreements	**223,779**	266,082
Securities purchased under agreements to resell	**3,089**	8,723
U.S. government and agency securities	**131,181**	102,815
Total investments	**358,049**	377,620
Mortgage Investments:		
Mortgage and construction loans receivable, net of allowance for loan losses ($15,014 in 2002 and $14,948 in 2001)	**322,963**	312,436
GNMA and FannieMae mortgage-backed securities	**1,117,462**	1,054,077
Total mortgage investments	**1,440,425**	1,366,513
Accrued interest receivable	**10,028**	11,106
Accounts receivable - other	**—**	89
Deferred financing charges	**40,261**	38,082
Rental property and equipment, net	**991**	1,976
Total Noncurrent Assets	**1,868,997**	1,817,834
Total Assets	**$ 1,936,994**	$ 1,889,064

MISSOURI HOUSING DEVELOPMENT COMMISSION

BALANCE SHEET
Page 2 Of 2
(In Thousands)

Liabilities And Net Assets

	June 30, 2002	2001
Liabilities		
Current Liabilities		
Bonds and notes payable, current maturities	**$ 45,241**	$ 47,625
Accrued interest payable	**24,379**	27,268
Escrow deposits	**48,514**	34,356
Rent subsidies payable	**1,861**	4,703
Accounts payable	**4,999**	3,508
Deferred financing and commitment fees	**1,136**	1,018
Total Current Liabilities	**126,130**	118,478
Noncurrent Liabilities		
Bonds and notes payable	**1,469,088**	1,472,626
Deferred financing and commitment fees	**12,495**	11,302
Total Noncurrent Liabilities	**1,481,583**	1,483,928
Total Liabilites	**1,607,713**	1,602,406
Net Assets		
Invested in capital assets	**991**	1,976
Restricted by the Commission, bond resolution and state statute	**309,684**	294,270
Unrestricted	**18,606**	(9,588)
Total Net Assets	**329,281**	286,658
Total Liabilities And Net Assets	**$ 1,936,994**	$ 1,889,064

MISSOURI HOUSING DEVELOPMENT COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(In Thousands)

	For The Years Ended June 30, 2002	2001
Operating Revenues		
Interest and investment income:		
Income - mortgage investments	**$ 91,229**	$ 93,903
Income - investments	**16,662**	21,583
Net increase in fair value of investments	**29,641**	43,270
Total interest and investment income	**137,532**	158,756
Financing fees and other	**14,364**	10,708
Federal financial assistance and grants	**109,227**	66,493
Total Operating Revenues	**261,123**	235,957
Operating Expenses		
Interest on bonds	**84,870**	89,059
Bank miscellaneous bond debt expense	**5,897**	5,911
Salaries	**4,165**	3,677
General and administrative expenses	**4,587**	4,821
Provision for loan and real estate owned losses	**1,220**	3,820
Rent subsidy payments	**2,827**	2,548
Housing Trust Fund grants	**5,723**	4,431
Federal financial assistance and grants	**109,211**	65,493
Total Operating Expenses	**218,500**	179,760
Net Income	**42,623**	56,197
Net Assets - Beginning Of Year (As Previously Reported)	**286,658**	230,779
Prior Period Adjustment	**—**	(318)
Net Assets - Beginning Of Year (As Restated)	**286,658**	230,461
Net Assets - End Of Year	**$ 329,281**	$ 286,658

MISSOURI HOUSING DEVELOPMENT COMMISSION

STATEMENT OF CASH FLOWS
(In Thousands)

	For The Years Ended June 30,	
	2002	2001
Cash Flows From Operating Activities		
Interest income on mortgage loans	**$ 91,210**	$ 93,914
Fees, charges and other	**15,004**	11,318
Principal repayments on mortgage loans	**259,840**	190,511
Federal revenue	**106,386**	65,834
Federal expenses	**(109,211)**	(65,493)
Purchases of mortgage loans	**(284,688)**	(247,261)
Operating expenses	**(14,198)**	(16,020)
Net Cash Provided By Operating Activities	**64,343**	32,803
Cash Flows From Noncapital Financial Activities		
Retirement of principal on bonds	**(448,750)**	(222,913)
Proceeds from issuance of bonds	**447,435**	258,095
Deferred financing costs paid	**(9,670)**	(8,630)
Change in escrow deposits	**14,158**	839
Interest paid on bonds	**(92,367)**	(89,219)
Net Cash Used In Noncapital Financing Activities	**(89,194)**	(61,828)
Cash Flows From Investing Activities		
Proceeds from sale of investments	**932,994**	755,057
Purchase of investments	**(914,316)**	(738,533)
Payments for property and equipment	**(190)**	—
Income received on investments	**17,657**	21,864
Increase (decrease) in securities purchased under agreements to resell	**(18,188)**	966
Net Cash Provided By Investing Activities	**17,957**	39,354
Increase (Decrease) In Cash And Cash Equivalents	**(6,894)**	10,329
Cash And Cash Equivalents - Beginning Of Year	**29,165**	18,836
Cash And Cash Equivalents - End Of Year	**$ 22,271**	$ 29,165
Reconcilation Of Net Income To Net Cash		
Provided By Operating Activities:		
Net income	**$ 42,623**	$ 56,197
Adjustments to reconcile net income to net cash provided		
by operating activities:		
Depreciation expense	**128**	100
Net increase in fair value of investments	**(29,641)**	(43,270)
Income - mortgage investments	**(91,230)**	(93,903)
Income - investments	**(16,662)**	(21,583)
Loss on disposal of property and equipment	**—**	1,263
Amortization of financing charges, financial fees and debt premium/discou	**7,491**	3,906
Provision for loan and real estate owned losses, net of charges-off loans	**1,112**	3,062
Interest expense related to bonds	**84,871**	89,059
Repayment of principal on mortgage loans	**259,840**	190,511
Mortgage and construction loans disbursed	**(284,688)**	(247,260)
Interest received on mortgage investments	**91,210**	93,914
Change in assets and liabilities:		
Accounts receivable - other	**(671)**	236
Rent subsidies payable	**(2,842)**	(659)
Accounts payable	**1,491**	857
Deferred financing and commitment fees	**1,311**	373
Net Cash Provided By Operating Activities	**$ 64,343**	$ 32,803

See the accompanying notes to financial statements.

1. Authorizing Legislation

The Missouri Housing Development Commission (the Commission) is a body corporate and politic established on October 13, 1969 by Chapter 215 of the Missouri statutes. In accordance with the provisions of Chapter 215 and resolutions of the Commission, the Commission is authorized to make or purchase mortgage loans which are uninsured, partially insured, or insured or guaranteed by the federal government and to insure mortgage loans, the funds of which are to be used to develop new or rehabilitated low- and moderate-income housing. The Commission is also authorized to issue bonds for making or purchasing such loans. The outstanding balance of bonds applicable to loans not insured or guaranteed by a federal agency or to bonds rated lower than "AA" by rating agencies at the time of issuance shall not exceed $200,000,000. At June 30, 2002 and 2001, the Commission had $1,630,000 and $2,765,000, respectively, of bonds outstanding applicable to loans that are not so insured or guaranteed or to bonds that are not so rated. Bonds issued by the Commission are not an obligation of the State of Missouri.

2. Summary Of Significant Accounting Policies

Reporting Entity

Governmental Accounting Standards establishes the criteria used in determining which organizations should be included in the Commission's financial statements. General accepted accounting principles require the inclusion of the transactions of government organizations for which the Commission is financially accountable.

The extent of financial accountability is based upon several criteria including: appointment of a voting majority, imposition of will, financial benefit to or burden on a primary government and financial accountability as a result of fiscal dependency.

The Missouri Housing Trust Fund has been designated as a blended component unit of the Commission. The Missouri Housing Trust Fund was created by Section 215.035 of the Missouri statutes. Separate financial statements for the Missouri Housing Trust Fund may be obtained through the Commission.

Pursuant to the requirements of the Governmental Accounting Standards Board (GASB), the Commission is considered a related organization of the State of Missouri for financial reporting purposes. Accordingly, the Commission is included as a footnote disclosure in the State of Missouri's comprehensive annual financial report.

Basis Of Presentation

The Commission's financial statements have been prepared on the basis of the Governmental Proprietary Fund concept as set forth in Statement 1 of the Governmental Accounting Standards Board (GASB). The Governmental Proprietary Fund concept provides that financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of the services be presented as proprietary funds.

The Commission maintains its financial records on the accrual basis of accounting. The Commission has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 as prescribed by GASB Statement No. 20.

The Commission has adopted GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (Statement No. 34) for the year ended June 30, 2002. Statement No. 34 requires the Commission to make several changes to the presentation of its basic financial statements in addition to requiring the section for Management's Discussion and Analysis as required supplementary information to precede the financial statements. In order to comply with the requirements of Statement No. 34, the balance sheet has been modified to report a classified balance sheet; the statement of revenues, expenses and changes in net assets has been formatted to report operating and non-operating revenues and expenses; and the statement of cash flows has been prepared using the direct method.

The 2001 financial statements contain the reclassification of certain amounts, which have been made in order to conform to the classifications used in 2002.

Fees, Charges And Expenses

Financing fees are deferred and recorded as income over the life of the related bond issuance, which approximates the life of the related mortgage loans.

Service and other fees and charges are recorded as income when earned and the associated administrative expenses are recorded as incurred. Operating expenses identifiable to a particular program are charged directly to the program. All other operating expenses are allocated by the Commission to the individual programs.

Cash And Investment Policies

Chapter 215 of the Missouri statutes provides for the Commission to invest any funds not required for immediate disbursement in obligations of the State of Missouri or the United States government or any instrumentality thereof, the principal and interest of which are guaranteed by the State of Missouri or the United States government or instrumentality thereof; bank certificates of deposit; or such other investments as determined by the Commission. The general policy of the Commission is to make investments for future funding requirements and not for trading purposes.

As required by GASB Statement No. 31, *Accounting for and Financial Reporting for Certain Investments and External Investment Pools*, securities purchased under agreements to resell, U.S. government and agency securities, and mortgage-backed securities are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers or brokers, investment bankers or statistical services on the valuation date. For the year ended June 30, 2002 and 2001, the net increase in fair value of investments was $29,641,000 and $43,270,000, respectively. Without the recognition of this element of investment income, the Commission's net income would have been $12,982,000 in 2002 and $12,927,000 in 2001.

Mortgage Investments

Proceeds from the sale of bonds are used to make or purchase mortgage loans and to purchase Government National Mortgage Association (GNMA) and FannieMae loan mortgage-based securities. Advances made on such loans during the construction period of related housing units are recorded as construction loans and are transferred to mortgage loans upon final endorsement after construction completion. Mortgage and construction loans are reported at cost, while GNMA and FannieMae mortgage-backed securities are reported at fair value. Mortgage-backed securities do not have a contractual maturity date, and the Commission may be subject to the risk of prepayment on these securities.

Allowance For Loan Losses

The allowance for loan losses is for uninsured loans and related accrued interest on such loans. The allowance is management's estimate of uncollectible loans and related accrued interest and is based on existing payment conditions, prior experience and such other factors which, in management's opinion, require consideration. For financial statement presentation, the allowance for loan losses has been netted against the noncurrent portion of mortgage and construction loans.

Deferred Financing Charges

Costs of issuance of bonds are deferred and amortized over the life of the related issue using the outstanding bond method, which approximates the effective interest method.

Rental Property And Equipment

Equipment consists of office furniture and equipment which is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets which range from three to seven years.

Rental properties have been acquired and were to be rehabilitated for rental to persons or families of low income. Rental activity has been minimal, therefore, no depreciation has been taken to date. The properties were recorded at cost when acquired and will be relieved at cost upon disposition.

Federal Assistance And Grants

The Commission administers grants and federal assistance programs, representing "pass-through" financial assistance, on the behalf of secondary recipients. In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance,* the Commission recognizes financial activity related to pass-through grants and financial assistance as revenues and expenses of the Commission.

Grants received from federal, state and local governments are recognized as operating revenue as the related expenditures are incurred in accordance with GASB No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions.*

Debt Refunding

For current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter, using the bonds outstanding method. The deferred refunding amounts are classified as a component of bonds payable in the financial statements. During the year ended June 30, 2002 deferred refunding amounts were recognized. Prior to 2002, deferred refunding amounts were considered immaterial and, therefore, not reflected in the financial statements.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Description Of Funds Or Programs

The following describes the funds or programs maintained by the Commission, all of which conform with the statute and the respective bond resolutions.

Operating Fund

Funding of the Operating Fund on an ongoing basis is derived principally from allowable transfers from other funds, fees earned for administering various U.S. Housing and Urban Development (HUD) programs, and interest income from investments and mortgage loans. Mortgage and construction loans in the Operating Fund are insured by HUD or guaranteed by the Veterans Administration (VA) except for approximately $96,366,000 and $80,214,000 at June 30, 2002 and 2001, respectively, of uninsured loans net of allowance for loan losses made under the Commission's various special housing programs. These mortgages are collateralized by deeds of trust on the related properties. Authorized activities of the Operating Fund include the following:

- Payment of general and administrative expenses and other costs not payable by other funds of the Commission;

- Financing multifamily or single-family residential housing units from accumulated fund balances, if financing of such units is not provided for under existing bond indentures; and,

- Those activities deemed necessary to fulfill the Commission's corporate purposes for which special funds are not established.

Multifamily Mortgage Program

The Commission's Multifamily Mortgage Program was established to account for the proceeds from the bond sales, debt service requirements, and the related mortgage loans and mortgage-backed securities on eligible multifamily and nursing home developments. All loans, with the exception of $40,950,000 being financed with the proceeds from the issuance of the Rental Housing Revenue bonds payable (Ecumenical Housing, Longfellow Heights, Primm Place, Truman Farm Villas, Brookstone, O'Fallon Place Apartments, Mansion II Apartments and East Hills Village Apartments), are insured by HUD. The Ecumenical Housing, Longfellow Heights, Primm Place, Truman Farm Villas, Brookstone, O'Fallon Place Apartments, Mansion II Apartments and East Hills Village Apartments, which totaled $37,786,000 at June 30, 2002, are financed by the borrowers with limited obligation bonds which are denoted by "**" in Note 5.

The Commission has entered into a Risk Sharing Agreement with the U.S. Department of Housing and Urban Development (HUD), which permits the Commission to participate in HUD's Risk Sharing Program. In accordance with the terms of this agreement, HUD will insure certain mortgage loans on multifamily housing developments (FHA-insured "Risk-Share Mortgage Loans") and the Commission will underwrite the Risk-Share Mortgage Loans following its underwriting guidelines. HUD will insure the Risk-Share Mortgage Loans and will bear 50% of the risk and the Commission will bear the remaining 50% of the risk. The Commission had Risk-Share Mortgage Loans totaling $34,500,000 representing thirteen loans as of June 30, 2002 and $16,400,000 representing ten loans as of June 30, 2001.

Single-Family Mortgage Program

The Commission's Single-Family Mortgage Program was established to account for the proceeds from the sale of bonds, debt service requirements and the related mortgage loans and mortgage-backed securities on eligible single-family housing units. All loans are either insured by the Federal Housing Administration or qualified private mortgage insurers or guaranteed by the VA.

4. Cash And Investments

Cash And Temporary Cash Investments

At June 30, 2002 and 2001, the total carrying amount of the Commission's deposits was $2,929,000 and $7,860,000, and the bank balances were $3,621,000 and $7,163,000, respectively. Of the bank balance at June 30, 2002 and 2000, $3,621,000 and $7,163,000, respectively, were insured by the Federal Deposit Insurance Corporation or were collateralized by unregistered pledged securities held by the Commission's agent in the Commission's name. Temporary investments of $19,342,000 and $21,305,000 represent amounts invested in money market mutual funds as of June 30, 2002 and 2001, respectively, and are not subject to classification of custodial risk. Cash and temporary cash investments are classified as cash and cash equivalents for purposes of the statement of cash flows.

Investment Agreements

For bond issues originating after March 15, 1983, the Commission has authorized and directed the investment of funds with certain financial institutions. The total amount of funds invested in these agreements at June 30, 2002 and 2001 was $224,098,000 and $266,082,000, with guaranteed fixed rates of return ranging from 2.16% to 8.10% and 3.50% to 8.10%, respectively. At June 30, 2002 and 2001, investment agreements of $66,175,000 and $66,632,000, respectively, were collateralized by the banks with U.S. government or U.S. government agency obligations. Pursuant to the investment agreements between the Commission and the banks, investment agreements of $157,925,000 and $199,450,000 were uncollateralized at June 30, 2002 and 2001, respectively. The investment agreements have redemption terms that do not consider market rates, and income is based on contractual interest rates; accordingly, these agreements are reported at cost.

Securities Purchased Under Agreements To Resell

Investments in securities purchased under agreements to resell are carried at fair value. At June 30, 2002 and 2001, these agreements had an average interest rate of approximately 5% and were collateralized by the banks with U.S. government or U.S. government agency obligations.

U.S. Government And Agency Securities

Investments in U.S. government and agency securities are carried at fair value. At June 30, 2002 and 2001, securities approximating $6,993,000 and $10,812,000, respectively, are unregistered investments for which the securities are held by the Commission's agent in the name of the Commission. At June 30, 2002 and 2001, securities totaling $141,027,000 and $113,249,000, respectively, are unregistered investments for which the securities are held by the counterparty financial institution in the name of the Commission.

5. Bonds And Notes Payable

The net proceeds of bond issues are used to provide financing for multifamily housing projects or for single-family residential housing units. The bond proceeds are deposited with and invested by various bank trust departments in qualified investments until required for such financing. Those bonds are obligations of the Commission and are not liabilities of the state of Missouri. A summary of bonds payable outstanding at June 30, 2002 and 2001 follows:

	Original Amount Authorized	Outstanding June 30, 2002	2001
	(In Thousands)		
Multifamily Mortgage Program:			
July 1, 1975 Series (7.6% to 8%), due 2003 - 2019	$ 10,465	$ —	$ 6,310
May 1, 1976 Series (6.1%), due 2019	11,800	565	590
March 15, 1977 Series (6%), due 2020	30,000	7,590	12,080
January 15, 1978 Series (5.6% to 5.75%), due 2003 – 2022	35,000	—	18,385
July 15, 1978 Series (6.4% to 6.6%), due 2003 – 2022	45,000	—	21,665
1979 Series A (6.6% to 7%), due 2003 - 2022	32,400	2,715	12,630
1979 Series B (6.6% to 7%), due 2003 - 2023	43,500	10,195	24,070
September 1, 1980 Series (9.625% to 10%), due 2007 – 2024	15,500	4,065	4,115
May 15, 1982 Series (9%), due 2012 - 2023	7,000	3,240	3,305
June 1, 1988 Series (7.95% to 8.5%), due 2003 – 2029	3,905	1,935	1,960
June 1, 1989 Series A (7.125% to 7.375%), due 2009 - 2031*	965	890	900
September 1, 1989 Series (9.25%), due 2031	1,845	1,630	1,650
Balance Carried Forward	237,380	32,825	107,660

	Original Amount Authorized	Outstanding June 30, 2002	2001
		(In Thousands)	
Multifamily Mortgage Program: *(Continued)*			
Balance Brought Forward	$ 237,380	$ 32,825	$ 107,660
March 1, 1991 Series (10%), due 2031	1,685	1,630	1,640
June 15, 1992 Series (6% to 6.6%), due 2003 – 2024	10,240	2,310	7,140
November 15, 1992 Series (5.85% to 6.6%), due 2003 – 2025	43,340	25,345	26,610
1995 Series A (4.8% to 6.25%), due 2003 - 2018**	2,825	2,465	2,560
November 15, 1996 Series (7.1% to 8.05%), due 2007 – 2038	3,540	3,415	3,445
Series 1996 (5.1% to 5.8%), due 2003 - 2010**	1,435	1,030	1,125
1996 Series A (5.75% to 6.2%), due 2012 -2028**	7,700	6,400	7,775
1996 Series B (6.6%), due 2003**	250	100	100
1996 Series A (5.25% to 6.2%), due 2007 - 2029**	8,400	7,820	8,175
Series 1998 (4.4% to 5.45%), due 2003 - 2028	9,045	8,455	8,615
O'Fallon Place Bonds, Series 1999 (3.7% to 5.25%), due 2003 – 2033**	6,710	6,710	6,710
Mansion II Bonds, Series 1999 (6.125% to 6.17%), due 2022 - 2032**	6,730	6,670	6,730
East Hills Village Bonds, Series 1999 (7.3%), due 2030**	2,750	2,750	2,750
2000 Series 1 (5.05% to 6.1%), due 2003 – 2032	11,540	11,495	11,540
2001 Series I (3.6% to 5.25%), due 2003 – 2028	21,780	21,270	21,780
2001 Series II (3.5% to 5.5%), due 2003 – 2024	46,360	45,490	46,360
2001 Series III (3.05% to 5.25%) due 2003 – 2021	22,850	22,570	—
2001 Series 1A (2.75% to 4.7%) due 2003 - 2034	7,300	7,300	—
2001 Series 2A (5.25% to 5.3%) due 2022 – 2032	3,800	3,800	—
2001 Series 1B Notes (3.25%) due 2003	2,730	2,730	—
2002 G JB Hughes (6.2% to 6.3%) due 2019 – 2037*,**	2,550	2,550	—
2002 H JB Hughes (6.9%) due 2038**	450	450	—
2002 Series 1 Bevo (5.3% to 5.55%) due 2018 – 2039**	12,890	12,890	—
	474,280	238,470	270,715
Less: Unamortized debt discount		(161)	(437)
Less: Deferred amount on refunding		(921)	—
		237,388	270,278

	Original Amount Authorized	Outstanding June 30, 2002	2001
	(In Thousands)		
Single-Family Mortgage Program:			
June 15, 1976 Series (6.375%), due 2008	$ 28,175	$ 1,930	$ 2,310
1986 Series A (9%), due 2018*	19,970	—	225
September 1, 1986 Series (7.25% to 7.5%), due 2007 - 2017	9,925	1,005	1,525
November 1, 1986 Series (7.2% to 7.6%), due 2003 – 2018*	100,000	6,770	12,050
July 15, 1987 Series (7.75% to 8.65%), due 2003 – 2010	10,000	—	101
1988 Series A (7.85% to 8.3%), due 2003 - 2019*	76,200	9,075	13,950
1988 Series B (7.7% to 8.25%), due 2003 - 2019*	37,500	1,515	3,120
1988 Series C (7.7% to 8.25%), due 2003 - 2019*	37,500	2,690	5,140
1989 Series B (7.15% to 7.625%), due 2003 - 2021*	50,000	—	7,825
September 1, 1991 Series B (7% to 7.25%), due 2011 – 2013	18,200	15,620	18,005
1991 Series B (6.3%), due 2003*	12,000	360	945
1991 Series C (6.35% to 7.35%), due 2008 - 2024*	53,485	13,850	17,797
1992 Series A (6.2% to 6.75%), due 2003 - 2024*	75,000	16,025	22,250
1992 Series B (5.6% to 6.4%), due 2003 - 2025*	75,000	29,105	36,620
1994 Series A (6.2% to 7.3%), due 2003 - 2026*	100,000	15,520	23,185
1995 Series A (5.1% to 6.22%), due 2003 - 2027*	55,000	29,770	36,720
1995 Series B (5.1% to 6.45%), due 2003 - 2028*	30,000	14,460	19,425
1995 Series C (4.8% to 7.25%), due 2003 - 2027*	30,000	10,875	15,405
1995 Series D (4.9% to 6.15%), due 2003 - 2027*	16,800	8,110	9,105
1996 Series A (4.9% to 7.2%), due 2003 - 2027*	41,000	16,870	23,865
1996 Series B (5.1% to 7.55%), due 2003 - 2028*	29,060	9,285	14,160
1996 Series C (4.9% to 7.45%), due 2003 - 2028*	32,925	12,725	18,440
1996 Series D (4.75% to 7.1%), due 2003 - 2028*	46,640	24,450	30,500
1997 Series A (5.0% to 7.3%), due 2003 - 2029*	50,000	23,610	32,095
1997 Series A-4 (4.5% to 5.65%), due 2003 - 2029*	10,000	5,665	6,610
1997 Series B (4.6% to 6.85%), due 2003 - 2029*	64,500	43,345	50,320
1997 Series C (4.5% to 6.85%), due 2003 - 2029*	55,625	33,030	42,715
1998 Series B (4.35% to 6.4%), due 2003 - 2030*	70,000	48,715	56,945
1998 Series D (4.25% to 6.5%), due 2003 - 2029*	70,000	52,915	61,920
1998 Series E (3.95% to 6.45%), due 2003 – 2030*	50,000	38,596	45,527
1999 Series I (5.1%), due 2031	5,095	5,095	5,095
1999 Series A (4.25% to 6.3%), due 2003 - 2030*	75,000	63,050	71,060
1999 Series B (4.2% to 6.83%), due 2003 – 2031*	75,000	61,535	71,790
1999 Series C (4.35% to 7.07%), due 2003 – 2031*	75,000	61,510	72,935
Draw Down Series 2000 A (4.99%), due 2001	150,000	—	28,435
2000 Series A (4.75% to 7.77%), due 2003 – 2032*	98,135	69,865	86,000
2000 Series B (5.1% to 8.0%), due 2003 – 2032*	70,000	58,575	70,000
2000 Series C (4.6% to 7.4%), due 2003 – 2033*	84,390	77,505	84,390
2001 Series A (3.65% to 6.35%), due 2003 - 2033*	100,000	98,465	100,000
2001 Series B (3.25% to 6.85%) due 2003 – 2034*	70,000	69,790	—
Balance Carried Forward	2,157,125	1,051,276	1,218,505

	Original Amount Authorized	Outstanding June 30, 2002	Outstanding June 30, 2001
		(In Thousands)	
Single-Family Mortgage Program: *(Continued)*			
Balance Brought Forward	$ 2,157,125	$ 1,051,276	$ 1,218,505
Draw Down Series 2001 A (3.04%) due 2003	150,000	21,090	—
2001 Series C (2.50% to 5.4%) due 2004 – 2033*	46,490	46,045	—
2002 Series A (2.25% to 5.20%) due 2004 – 2034*	45,000	45,000	—
2002 Series B (2.25% to 5.33%) due 2004 – 2034*	80,000	80,000	—
	2,478,615	1,243,411	1,218,505
Less: Unamortized debt discount		(156)	(353)
Add: Unamortized debt premium		29,424	27,208
		1,272,679	1,245,360
Total	$ 2,952,895	$ 1,510,067	$ 1,515,638

The proceeds of bond issues denoted by "*" are used to purchase GNMA and Fannie Mae mortgage-backed securities, which are backed by mortgage loans originated through the Commission's loan programs.

The proceeds of bond issues denoted by "**" are used to provide financing for multifamily housing projects. These bonds are limited obligations of the Commission, payable solely from and secured by a loan agreement between the Commission and the borrower.

During the years ended June 30, 2002 and 2001, the Commission repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds. Net gains of $2,815,000 and $894,000 for the years ended June 30, 2002 and 2001, respectively, on early extinguishment of debt have been recorded and included with financing fees and other operating revenue. These gains arise as a result of immediate recognition of deferred bond issuance costs, bond discounts or premiums that would have been amortized over the life of the applicable bond issue if not retired, and call premiums as required by the resolution.

During the fiscal year ended June 30, 2001 and for Series III in July 2001, the Commission issued Multifamily Revenue Bonds 2001 Series I, II and III in the aggregate amount of $90,990,000 to provide funds for the refunding of a major portion of the outstanding Housing Development Bonds (Federally Insured Mortgage Loans).

The 2001 Series I issue of $21,780,000 refunded a similar amount of existing Housing Development Bonds. The 2001 Series II issue of $46,360,000, issued in June 2001 was used to call the second phase of the refunding program. At June 30, 2001, the proceeds of the 2001 Series II bonds were put in escrow until the existing Housing Development Bonds were eligible to be called in early fiscal 2002. Because of this, the assets and liabilities of the refunded and refunding debt issues were reflected on the balance sheet at June 30, 2001. The 2001 Series III issue did not get sold until July 2001. Because of the three phase nature of the refunding, no deferred amount on refunding was recorded at June 30, 2001.

In 2002, the refunding was completed. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $1,002,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the bonds outstanding method. The Commission completed the advance refunding to reduce its total debt service payments over the next 23 years by approximately $15,764,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $7,465,000.

All bonds have early redemption provisions. A summary of future annual scheduled principal maturities, which excludes unamortized debt discount and premium, follows *(in thousands)*:

Bonds Maturing During Year Ending June 30	**Amount**
2003	$ 42,110
2004	17,235
2005	18,215
2006	18,780
2007	21,240
2008 - 2012	88,050
2013 - 2017	117,785
2018 - 2022	182,205
2023 - 2027	216,695
2028 - 2032	534,326
2033 - 2037	215,160
2038 - 2042	10,080
	$ 1,481,881

In addition to bonds payable, the Commission has available two lines of credit totaling $5,050,000 and $1,108,000. At June 30, 2002, these lines of credit had outstanding balances of $3,429,000 and $833,000 at interest rates of 7.27% and 7.02%, and are due September 2010 and January 2012, respectively.

6. Escrow Deposits And Rent Subsidies Payable

Escrow deposits represent funds paid by project developers for real estate taxes, insurance, future replacement of property and other costs.

Rent subsidies payable represent funds received from the State of Missouri and HUD for payment of rent subsidies to participants in the Housing Assistance Programs.

Such funds held by the Commission are included in cash and temporary cash investments.

7. Pension Plan

All Commission employees participate in the Missouri State Employees' Plan (MSEP) administered by the Missouri State Employees Retirement System (the System), a single-employer public employee retirement plan. MSEP provides retirement, death and disability benefits to its members. As established by Missouri statutes, responsibility for the operation and administration of MSEP is vested in the Missouri State Employees Retirement System Board of Trustees. The System issues a publicly available financial report that includes financial statements and required supplementary information for MSEP. That report may be obtained by writing to the Missouri State Employees Retirement System, 906 Leslie Boulevard, P. O. Box 209, Jefferson City, Missouri 65101, or by calling 1-800-827-1063.

Covered employees do not contribute toward the plan. The employer is required to contribute at an actuarially determined rate. The contribution requirement for the years ended June 30, 2002, 2001 and 2000 was $498,300, $464,000 and $458,000, respectively; these contributions represented 11.96%, 12.6% and 14.7% of total payroll during 2002, 2001 and 2000, respectively. These contributions are expensed by the Commission when incurred.

As determined in accordance with GASB Statement No. 27, "*Accounting for Pensions by State and Local Governmental Employers,*" the Commission has no pension liability, as required contributions are paid when due. This treatment is consistent with prior years.

8. Restrictions And Commitments

Substantially all of the assets of each bond program of the Commission are pledged as collateral for the payment of principal and interest on bond indebtedness only of that program. Therefore, all related bond program assets of the Commission that are pledged as collateral are treated as noncurrent. The obligations of the Commission are not obligations of the State, and the State is not liable for such obligations.

Resolutions of the Commission require that, to the extent funds are available in the general account of each bond fund, they are to be transferred to a debt service account on a periodic basis, from the date of bond issuance to the date of each succeeding maturity, sufficient to make principal and interest payments on the bonds as they become due. Funds within the general account of each bond fund are on deposit in restricted accounts.

In addition, the statute and resolutions of the Commission require that for certain bond issues an amount be maintained in reserve accounts to be used to make principal and interest payments on payment due dates. Such amounts are on deposit in restricted accounts for the various issues within the Multifamily and Single-Family Mortgage Programs.

Below is a summary of reserve accounts as well as other amounts restricted for payment of bonded indebtedness at June 30, 2002 and 2001:

	2002	2001
	(In Thousands)	
Mortgage investments	**$ 1,358,468**	$ 1,293,178
Cash and temporary cash investments	**19,243**	22,448
Investments	**288,126**	319,024
Accrued interest receivable	**10,028**	11,106
	$ 1,675,865	$ 1,645,756

Included in the above reserves and restricted amounts, $48,514,000 and $34,356,000 at June 30, 2002 and 2001, respectively, are held as escrow deposits, and $118,121,000 and $134,677,000, respectively, are restricted for making or purchasing mortgage and construction loans.

Pursuant to certain of its resolutions, the Commission has restricted the fund equity of the Multifamily Mortgage Program and the Single-Family Mortgage Program to maintain a level of reserves necessary to provide sound fiscal operations. In addition, through various resolutions for the Multifamily Mortgage Program, the Single-Family Mortgage Program and activities of the Operating Fund, the Commission has reserved internally generated funds for financing residential housing units and for providing rental housing assistance, which are included in restricted net assets. In 1997, the Commission acquired a portfolio of loans from HUD. Revenues collected from these HUD purchased loans are restricted by an agreement between the Commission and HUD to be used primarily for rehabilitation loans or grants.

Pursuant to state statute, the Commission has restricted the amount of net assets representing revenues over expenses related to the financial activity of the Missouri Housing Trust Fund. The Missouri Housing Trust Fund was created by Section 215.035 of the Missouri statutes. Revenues of the Missouri Housing Trust Fund are restricted to programs which financially assist, by loans or grants, the development of housing stock and which provide housing assistance to persons and families with incomes at or below specified levels.

Below is a summary of restricted net assets by the Commission, bond resolution and state statute as of June 30, 2002 and 2001:

	2002	2001
	(In Thousands)	
Restricted By Commission:		
Tenant assistance	**$ 47,166**	$ 46,191
Loans not funded by a bond sale	**102,483**	115,558
Loan commitments not yet disbursed	**17,060**	14,405
Reserves committed to Home Improvement and Multifamily interest subsidy program	**5,799**	5,799
Restricted earnings of HUD purchased loans	**10,142**	7,865
Restricted for Rural Initiative Program	**1,015**	989
	183,665	190,807
Restricted by bond resolution	**120,375**	96,254
Restricted by state statute - Missouri Housing Trust Fund	**5,644**	7,209
	$ 309,684	$ 294,270

The Commission rents office space in Kansas City under a 10-year lease, which is accounted for as an operating lease and can be extended at the option of the Commission for two successive five-year periods.

The Commission rents office space in St. Louis under a 10-year lease, which is accounted for as an operating lease and can be extended at the option of the Commission for two successive five-year periods.

Lease expenditures for the years ended June 30, 2002 and 2001 were $518,000 and $463,000, respectively. Future minimum lease payments for these leases are as follows *(in thousands)*:

Year	Amount
2003	$ 526
2004	553
2005	567
2006	587
2007	634
2008 – 2012	2,871
	$ 5,738

9. Contingencies

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; and natural disasters for which the Commission carries commercial insurance.

10. Subsequent Events

Prior to June 30, 2002, the Commission approved the issuance of one bond issue in the Single Family Mortgage Program and six bond and note issues in the Multifamily Mortgage Program. They are the Missouri Housing Development Commission Single Family Mortgage Revenue Bonds (Homeownership Loan Program), 2002 Series C and the Multifamily Housing Revenue Bonds 2002 Series 2, Multifamily Housing Notes 2002 Series N1, Multifamily Housing Revenue Bonds 2002 Series 3, Multifamily Housing Notes 2002 Series N2, Multifamily Housing Revenue Bonds 2002 Series 3 and Multifamily Housing Notes 2002 Series N3.

It is expected that these bonds and notes will be issued during the months of September and October 2002 and in total will not exceed $100,000,000.

11. Prior Period Adjustment

For the year ended June 30, 2002, in connection with the implementation of GASB Statement No. 34, the Commission began depreciating their fixed assets and therefore retroactively recorded accumulated depreciation on the balance sheet.

The financial statements for the year ended June 30, 2001 have been restated, to reflect the net book value of the fixed assets. The effect on net assets and net income was a decrease in the amount of $318,000 and $100,000, respectively.

Supplementary Information

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING BALANCE SHEET
Page 1 Of 2
(In Thousands)
June 30, 2002

	Operating Fund	Multifamily Mortgage Program	Single-Family Mortgage Program	Total All Funds
Assets				
Current Assets				
Cash and temporary cash investments	$ 3,028	$ —	$ —	$ 3,028
Investments:				
Investment agreements	319	—	—	319
Securities purchased under agreements to resell	40,231	—	—	40,231
U.S. government and agency securities	16,839	—	—	16,839
Total investments	57,389	—	—	57,389
Mortgage investments:				
Mortgage and construction loans receivable	4,802	—	—	4,802
GNMA and FannieMae mortgage-backed securities	50	—	—	50
Total mortgage investments	4,852	—	—	4,852
Accrued interest receivable	1,696	—	—	1,696
Accounts receivable, other	1,032	—	—	1,032
Total Current Assets	67,997	—	—	67,997
Noncurrent Assets				
Cash and temporary cash investments	—	3,789	15,454	19,243
Investments:				
Investment agreements	—	18,878	204,901	223,779
Securities purchased under agreements to resell	—	3,089	—	3,089
U.S. government and agency securities	88,125	42,963	93	131,181
Total investments	88,125	64,930	204,994	358,049
Mortgage investments:				
Mortgage and construction loans receivable	80,787	229,443	12,733	322,963
GNMA and FannieMae mortgage-backed securities	1,170	1,219	1,115,073	1,117,462
Total mortgage investments	81,957	230,662	1,127,806	1,440,425
Accrued interest receivable	—	1,717	8,311	10,028
Deferred financing charges	—	1,297	38,964	40,261
Rental property and equipment, net	991	—	—	991
Total Noncurrent Assets	171,073	302,395	1,395,529	1,868,997
Total Assets	$ 239,070	$ 302,395	$ 1,395,529	$ 1,936,994

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING BALANCE SHEET

Page 2 Of 2

(In Thousands)

June 30, 2002

Liabilities And Net Assets				
	Operating Fund	Multifamily Mortgage Program	Single-Family Mortgage Program	Total All Funds
Current Liabilities				
Bonds payable	$ 378	$ 10,401	$ 34,462	$ 45,241
Accrued interest payable	—	2,629	21,750	24,379
Escrow deposits	18,202	30,223	89	48,514
Rent subsidies payable	1,861	—	—	1,861
Accounts payable	641	1,364	2,994	4,999
Deferred financing and commitment fee	439	66	631	1,136
Total Current Liabilities	21,521	44,683	59,926	126,130
Noncurrent Liabilities				
Bonds payable	3,884	226,987	1,238,217	1,469,088
Deferred financing and commitment fee	4,760	1,553	6,182	12,495
Total Noncurrent Liabilities	8,644	228,540	1,244,399	1,481,583
Total Liabilites	30,165	273,223	1,304,325	1,607,713
Net Assets				
Invested in capital assets	991	—	—	991
Restricted by the commission, bond resolution and state statute	189,308	29,171	91,205	309,684
Unrestricted	18,606	—	—	18,606
Total Net Assets	208,905	29,171	91,205	329,281
Total Liabilities And Net Assets	$ 239,070	$ 302,394	$ 1,395,530	$ 1,936,994

MISSOURI HOUSING DEVELOPMENT COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

(In Thousands)

For The Year Ended June 30, 2002

	Operating Fund	Multifamily Mortgage Program	Single-Family Mortgage Program	Total All Funds
Operating Revenues				
Interest and investment income:				
Income - mortgage investments	$ 5,830	$ 12,680	$ 72,719	$ 91,229
Income - investments	5,541	2,309	8,812	16,662
Net increase (decrease) in fair market value of investments	896	(155)	28,900	29,641
Total interest and investment income	12,267	14,834	110,431	137,532
Financing fees and other	10,269	373	3,722	14,364
Federal financial assistance and grants	109,227	—	—	109,227
Total Operating Revenues	131,763	15,207	114,153	261,123
Operating Expenses				
Interest on bonds	332	11,166	73,372	84,870
Bank miscellaneous bond debt expense	128	114	5,655	5,897
Salaries	4,165	—	—	4,165
General and administrative expenses	4,587	—	—	4,587
Provision for loan losses	1,220	—	—	1,220
Rent subsidy payments	2,827	—	—	2,827
Housing Trust Fund grants	5,723	—	—	5,723
Federal financial assistance and grants	109,211	—	—	109,211
Total Operating Expenses	128,193	11,280	79,027	218,500
Net Income	3,570	3,927	35,126	42,623
Net Assets - Beginning Of Year	181,146	33,786	71,726	286,658
Interfund Transfers	24,189	(8,542)	(15,647)	—
Net Assets - End Of Year	$ 208,905	$ 29,171	$ 91,205	$ 329,281